



Commonwealth of Kentucky
Public Protection Cabinet
Department of Insurance

Matthew G. Bevin, Governor

**K. Gail Russell, Secretary
Nancy Atkins, Commissioner**

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Kentucky Creates Insurance Innovation “Sandbox”
Possible insurance technology advancements will benefit all Kentuckians

FRANKFORT, Ky. (May 20, 2019) Kentucky Governor Matt Bevin signed into law legislation which will permit and encourage insurance innovation in the Commonwealth. House Bill 386 creates a “sandbox” that will allow for the development of creative risk management solutions. This legislation positions Kentucky as a leader in considering and embracing innovation across the insurance industry.

“Implementation of the regulatory sandbox will establish the Commonwealth of Kentucky as a safe space for entrepreneurs to test and launch insurance-related innovations and programs not yet contemplated by the Insurance Code,” said Secretary Gail Russell of the Public Protection Cabinet. “Insurance innovation can lead to cost savings on all types of insurance for Kentucky businesses and consumers.”

The regulatory sandbox, which will be administered by the Department of Insurance (DOI), allows for private-sector flexibility while preserving necessary consumer protections.

“We look forward to promoting Kentucky as a place for insurance innovation,” said Commissioner Nancy Atkins. “Insurance products and distribution are rapidly evolving with our ever-changing economy. This legislation establishes a framework to allow Kentucky to encourage product development for the future of risk management.”

Companies wishing to participate in the sandbox must apply to DOI for admission. An applicant must explain their product’s innovation, value to customers and demonstrate financial stability.

All sandbox participants will be required to report key data to DOI for ongoing evaluation and oversight. Sandbox products and processes that prove to be successful and provide benefits to Kentuckians will serve as powerful evidence for reforming the Insurance Code. DOI will provide updates to legislators to ensure adequate monitoring of this unique framework.

“Kentucky has taken the lead in North America in the ‘HOW’ of insurance with the first safe harbor to play in the insurtech sandbox. Entrepreneurs will no longer have to wait lengthy periods of time and lobby for changes in law or go abroad to be creative. This is perhaps the single biggest change in insurance since the Internet,” said Mica Cooper, CEO and President of InsureCrypt, an insurtech startup.

Representatives of the Kentucky Department of Insurance will attend at the National Association of Insurance Commissioner’s 2019 Insurance Summit in Kansas City, where they will be available for meetings with potential sandbox applicants as part of the Innovator & Regulator Workshop on Tuesday, June 4.

The law goes into effect on June 27, 2019. For questions on Kentucky’s Insurance Innovation sandbox, you may contact Patrick O’Connor at patrick.oconnor@ky.gov.

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